

Moving along the road to recovery: A glance at Pennsylvania's FY 2013 budget

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With a focus on turning the "road to recovery into the path to prosperity," Pennsylvania Governor Tim Corbett introduced his proposed FY 2013 budget on February 7. Continuing efforts to decrease spending, this year's budget cuts \$20 million in general funding compared to FY 2012.

Core objectives of this year's budget include streamlining government administration and operations; job creation; supporting human services; and enhancing education. These goals will be accomplished through the consolidation of departments; the rollout of Jobs First PA, a four-program initiative to improve the state's employee market; enhanced program integrity efforts for welfare programs; and implementing performance measurement tools for all parties involved in providing basic education (preK-12).

Spending increases can be seen in the basic education, higher education, justice/public safety and public finance verticals, ranging from 0.30 percent to 37.52 percent. Health care, social services, transportation, economic development/regulation, natural resources/environment, general government and homeland security verticals will experience decreases ranging from 0.11 percent to nearly 7 percent. More drastic changes can be seen in information technology spending, in which every vertical will see a decrease in spending, ranging from less than 1 percent in homeland security to almost 71 percent in health care.

Analyst's Take

With IT spending on the decline for FY 2013, it should not come as a surprise that there was little mention of large-scale IT projects in the budget. Instead, IT spending will go toward smaller-scale projects and making enhancements to existing systems. Vendors with efficiency-focused and cost-saving solutions will be well received by state program and procurement officials, particularly if these solutions can improve existing systems instead of replacing them.

That said, with the implementation of block grants for much of the funding for the Departments of Education and Public Welfare, IT spending may increase at the local level while it declines at the state level. Vendors should be prepared for increased collaboration with city- and county-level officials who may take the lead in implementing IT projects and procuring IT vendors.

The state has reauthorized capitals bonds for FY 2013, which contributes to the nearly 38 percent increase in spending for the public finance vertical. It is estimated that FY 2013 new project authorizations will amount to a total of about \$1.2 billion, with higher-dollar projects planned for the urban mass transportation, higher education, and environmental protection and management program areas. The reauthorization of these bonds bodes well for the state's economic health now and in the future.

From the FY 2013 budget, it appears that the commonwealth is making progress on the economic road to recovery. If the state is able to continue its commitment to creating jobs, reforming education and public welfare programs, and streamlining government operations, the economy and citizens will surely prosper.

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